

# FACTSHEET

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## TYPES OF SOCIAL SECURITY BENEFITS AND WHO CAN GET THEM

Most people think of Social Security as a retirement program. However, Social Security pays disability and survivors benefits as well. Medicare hospital insurance is also financed through Social Security taxes.

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### CHILD'S BENEFITS

In fact, children under 18 may qualify for benefits based on their mother's or father's work if either parent is deceased, or retired, or disabled. The child may be a natural child, stepchild, adopted child, or, under certain conditions, a grandchild. To qualify, a child must be:

- ☐ Under age 18 (or under 19, if still in high school), or
- ☐ Disabled before age 22 and unable to work because of the disability, and
- ☐ Unmarried

Nearly 40 percent of current Social Security beneficiaries are non-retirees.

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### SURVIVORS BENEFITS

Survivors benefits are paid to the eligible members of a worker's family. In addition to the eligible children identified above, other family members may include:

- ☐ Widow or widower age 60 or older,
- ☐ A widow or widower disabled at age 50
- ☐ A divorced spouse may qualify on the same basis as a widow or widower if the marriage lasted 10 years or more.
- ☐ A dependent parent 62 or older.

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### RETIREMENT BENEFITS

Full retirement benefits are currently paid at age 65. Full retirement benefits for today's high school students will be paid at age 67. The increase will start in 2003, reaching 67 by 2027.

Reduced benefits are paid at age 62. Benefits are reduced for each month before age 65 a person retires, a maximum of 20 percent for a person retiring on his/her 62nd birthday. Under the 1983 amendments, the reduction for early retirement will be as high as 30 percent for people retiring after 2021.

Delayed retirement credits increase benefits for people who retire after the full retirement age, currently 65. Delayed retirement credits will gradually increase up to eight percent per year by 2009.

Others who can get benefits on the worker's record include:

- ☐ Children, as stated above.
- ☐ Spouse age 62, or at any age caring for an eligible child under 16 or disabled.

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## TYPE OF SOCIAL SECURITY BENEFITS AND WHO CAN GET THEM

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### DISABILITY BENEFITS

Disability benefits are paid to workers who have a physical or mental impairment which is expected to keep them from working for a year or more or to result in death. The work does not need to be the same as the work they did before becoming disabled. It can be any work found in the national economy. Unlike some disability programs, Social Security does not pay for partial disability. The program is designed to protect against the risk of total, long-term disability.

Spouse and children may qualify for benefits on a disabled worker's earnings record in the same way as with retired workers.

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### MEDICARE

People over 65 and those who receive Social Security disability payments for 24 months, or who have permanent kidney failure, can get Medicare. Medicare has two parts:

Part A (Hospital Insurance) covers most inpatient hospital expenses.

Part B (Supplementary Medical Insurance) covers doctors' bills and other medical expenses. Everyone must pay a premium for Part B.

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### SUPPLEMENTAL SECURITY INCOME (SSI)

For people who have not worked long enough under Social Security to qualify for benefits, or whose Social Security benefits are very low, Supplemental Security Income (SSI) payments may be available.

SSI is composed of the former state public assistance programs for the aged, blind, and disabled, taken over by the federal government in 1972 and administered by the Social Security Administration. SSI makes monthly payments to people with little income and resources.

No prior work is needed to qualify for monthly SSI payments. Applicants must be 65 and over, or blind, or disabled with limited income and resources.

When a person applies for SSI, eligibility for Social Security benefits is also explored. If he or she qualifies for Social Security, SSI payments may still be available if total income is within SSI limits.

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## HOW WORKERS BECOME INSURED FOR SOCIAL SECURITY BENEFITS

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### YOUR SOCIAL SECURITY NUMBER

The Social Security number card is the key to protection and benefits under the program.

The Social Security number is used by your employer to pay Social Security taxes and for the Social Security Administration (SSA) to post reported earnings to your earnings record.

Many people may have the same name but each should have a different number. The number is also the Federal Taxpayer Identification Number.

A number must be shown for dependents listed on federal tax returns. Employers have to see the paper card issued by Social Security to verify legal work status.

Every applicant for a Social Security card must provide proof of age, citizenship or lawful alien status, and identity. Applications should be sent to the nearest Social Security office.

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### REPORTING EARNINGS

Employees' wages are reported on form W-2. This form shows your yearly Social Security wages, total taxable wages, and the amount of taxes withheld. The employer sends a copy to Social Security to correctly credit each year's wages on your earnings record.

Self-employed persons use Schedule SE of the federal income tax return to report net income from self-employment. Net earnings must total at least \$400 to count for Social Security coverage.

You will want to be sure your Social Security earnings record is correct so that you and your family are correctly paid when you become eligible for benefits. You should check your earnings at least once every three years. Ask SSA to send you a Form 7004 with which you may request a statement of your earnings. When you send in the Form 7004, SSA will send you a *Personal Earnings and Benefit Estimate Statement* which shows not only earnings but an estimate of benefits based on those earnings.

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### BECOMING INSURED

No benefit can be paid on an earnings record unless the worker is "insured." This means that you must have credit for a certain amount of work under Social Security.

The amount of work credits you need to be insured for benefits depends on the year you reach 62, or your age when you retire, die, or become disabled. Under current law, you do not need more than 40 credits to be fully insured for any benefit.

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## HOW WORKERS BECOME INSURED FOR SOCIAL SECURITY BENEFITS

In general, credit for 10 years of work is needed to qualify for retirement benefits (40 credits). Persons who reach 62 before 1991 need less. For disability benefits a worker under 24 may qualify for benefits with credit for as little as one and one-half years of work (six credits) under Social Security. The amount of work credit needed for disability benefits increases with age, with at least five years of work needed in the last 10 years for workers disabled after age 31. Survivors benefits may be payable to children and the surviving parent if the worker has credit for one and one-half years of work (six credits) in the three years before death.

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## AMOUNT OF BENEFIT

The amount of the benefit is based on a worker's average annual earnings over his/her working life. In general, the higher the earnings, the higher the benefit. Benefits are weighted in favor of low earners and workers with families. Although higher earners get higher benefits, low earners and earners with families get a benefit that is higher in proportion to their earnings.

It is also important to know that Social Security benefits are designed to keep up with inflation and the cost-of-living.

The value of the benefits is maintained in two ways. First, past earnings are indexed or modified to reflect increases in wages over the years. This means that when the benefit amount is figured, the value of the earnings on which it is based has not been diminished.

After a person starts receiving benefits, the benefit payments increase automatically with annual increases in the cost-of-living. The purchasing power of their benefits increases with increases in the prices of the goods and services for which he/she must pay.